

## Message Text

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PAGE 01 VALLET 01645 131421Z

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ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 CEA-02 CIAE-00 DODE-00 FRB-02

H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03

RSC-01 AID-20 CIEP-02 SS-15 STR-08 TAR-02 TRSE-00

USIA-15 PRS-01 OMB-01 RSR-01 /150 W

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R 130915Z AUG 73

FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 4639

INFO USDA WASHDC

USDOC WASHDC

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E.O. 11652: ADS DECLAS 8/10/74

TAGS: EAGR, ETRD, MT

SUBJ: UNREFINED EDIBLE OIL SUPPLIES

REF: STATE 151108

1. MINISTER OF AGRICULTURE PAUL XUEREB REQUESTED MEETING WITH AMBASSADOR TODAY TO DISCUSS MOUNTING PROBLEM FOR MALTA IN EDIBLE OIL SECTOR. CURRENT STOCKS ON HAND SUFFICIENT UNTIL APPROXIMATELY DECEMBER 22. TO MEET CONSUMPTION REQUIREMENTS FOR FOLLOWING FOUR MONTH PERIOD MALTA WILL NEED TWO CONSIGNMENTS FIVE HUNDRED TONS EACH UNREFINED EDIBLE OIL, PREFERABLY CRUDE SOYBEAN OIL. OTHER SUBSTITUTES ACCEPTABLE, HOWEVER. FIRST CONSIGNMENT OF FIVE HUNDRED TONS SHOULD REACH MALTA BY EARLY NOVEMBER. SHIPMENTS LARGER THAN FIVE HUNDRED TONS NOT PRACTICAL DUE TO LIMITED STORAGE FACILITIES AT LOCAL EDIBLE OIL REFINING COMPANY.

2. AS XUERBER EXPLAINED. MALTA'S PROBLEM IN THIS SECTOR HAS TWO ASPECTS, PRICE AND SUPPLY. US EMBARGO HAS CREATED UNCERTAINTY WITH RESPECT AVAILABILITY EDIBLE OILS AND RECENT

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PAGE 02 VALLET 01645 131421Z

DRASTIC INCREASES IN PRICE, PARTICULARLY SOYBEAN OIL, HAVE

CREATED ADDITIONAL PRESSURES ON GOM'S ANTI-INFLATIONARY POLICIES. XUERBER EXPLAINED THAT UNLESS PRICE OF CRUDE EDIBLE OIL DROPS, GOM WILL PROBABLY HAVE TO SUBSIDIZE AT LEAST PART OF OIL WHICH IS MARKETING LOCALLY. EDIBLE OIL IS AN IMPORTANT FACTOR IN THE MALTESE DIET DUE TO CONSUMPTION PATTERNS, PARTICULARLY OF THE LESS AFFLUENT SECTORS OF THE MALTESE POPULATION. HE ADDED THAT MALTA IS IN EFFECT CAUGHT BETWEEN THE CURRENT HIGHER PRICES PREVAILING AT THE END OF THE CROP YEAR AND THE PROSPECT OF A CONTINUED EMBARGO ON THE EXPORT OF EDIBLE OILS. U.S. IS TRADITIONAL SUPPLIER.

4. WHILE CLAIMING NO COMPETENCE IN THIS TECHNICAL AREA, WE DID SUGGEST THAT MALTA PLACE AN ORDER FOR AT LEAST ONE OF THE TWO FIVE HUNDRED CONSIGNEMENTS SINCE IT WOULD BE BETTER OFF RISKING THE CURRENT SLIGHTLY HIGHER PRICES AGAINST THE RISK OF NO OIL. WE ALSO AGREE TO HOLD CONVERSATIONS WITH THE MANAGER OF THE LOCAL EDIBLE OIL REFINING COMPANY ON POSSIBLE SOLUTIONS TO MALTA'S PROBLEM IN THIS SECTOR, ANY FURTHER ADVICE WHICH MAY BE AVAILABLE FROM WASHINGTON WOULD BE APPRECIATED.  
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